

ORIGINAL



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BEFORE THE ARIZONA CORPORATION COMMISSION

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AZ CORP COMMISSION
DOCKET CONTROL

Arizona Corporation Commission

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JUN 22 2011

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CHAIRMAN
BOB STUMP
COMMISSIONER
SANDRA D. KENNEDY
COMMISSIONER
PAUL NEWMAN
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BRENDA BURNS
COMMISSIONER

IN THE MATTER OF THE APPLICATION OF
GOODMAN WATER COMPANY, AN
ARIZONA CORPORATION, FOR (i) A
DETERMINATION OF THE FAIR VALUE OF
ITS UTILITY PLANT AND PROPERTY AND
(ii) AN INCREASE IN ITS WATER RATES
AND CHARGES FOR UTILITY SERVICE
BASED THEREON.

Docket No. W-02500A-10-0382

NOTICE OF ERRATA

James Schoemperlen, an Intervenor, hereby files this Notice of Errata in the above-referenced matter. Attached is page schedule A, 2 which was inadvertently left out of the Surrebuttal Testimony of James Schoemperlen, which was filed on June 13, 2010.

RESPECTFULLY SUBMITTED this 21st day of June, 2011.

[Signature]

James Schoemperlen
Intervenor

1
2 AN ORIGINAL AND THIRTEEN COPIES
3 of the foregoing filed this 21st day
4 of June, 2011 with:

5 Docket Control
6 Arizona Corporation Commission
7 1200 West Washington
8 Phoenix, Arizona 85007

9 COPIES of the foregoing hand delivered/
10 mailed this 21st day of June, 2011 to:

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12 Administrative Law Judge
13 Hearing Division
14 Arizona Corporation Commission

15 Janice Alward, Chief Counsel
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17 Arizona Corporation Commission

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10 By 
11 James Schoemperlen
12 Intervenor
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Goodman Water Co

Intervenor Projection of Actual Returns at Build out - Old Rates

Adjusted

Schedule A, 2

Test Year@920 Cust
Present Rates

Test Year
Proposed Rates

Actual Average Return at 9% on Rate Base

	12/31/2009	12/31/2010
Revenue	854,021	863,864
Total Cost**	645,735	611,151
Net Operating Income -After Taxes (Before Interest	208,286	252,713

Net Rate Base*	\$ 1,895,242.36	\$ 2,397,419.00	Sched B-2 P 2 Bourassa	P94 Bourassa
(Remove tank admitted GWC capacity Error, \$132k, Land cost, \$370K)				

Total Customers	920 ^(a)	7.10%	617
Average Revenue per Customer	928.28		1,400.10
Return on Rate Base	11.0%		10.54%

Σ of Returns

Average Annual Return

Interest	134607	\$ (37,341.00)
Net Inc. / (Loss)		215,371.95

Revised Required Operating Income	\$ 208,285.75	
Operating Expenses	\$ 316,560.00	
Taxes	\$ 100,772.20	
Depreciation	\$ 228,403.00	
Operating Revenue	\$ 854,020.94	For Inc Tax, see P84 Bourassa

Operating Expenses (Before Taxes & Interest)	\$ 544,963.00	\$ 476,540.00
Interest Expense	\$ 37,341.00	\$ 37,341.00
Income Before Taxes	\$ 271,716.94	\$ 349,954.00
State Tax Expense	\$ 18,938.67	\$ 24,391.79
Pre Tax Federal Income	\$ 252,778.27	\$ 325,562.21
Federal Taxes	\$ 81,833.53	\$ 110,219.26
		\$ 134,611.05

Ties to his number w/ his income

* Plant and Equipment supports 825 customers

** Assume total cost per GWC Test Year Adjust w/ adjust for reasonable Prop tax and Wages, Fixed / Variable per below

^(a) Required Compound Growth Rate in Customers to get from 621 to 872 by 2014

			Fixed	Variable	
Fixed	Salaries and Wages	\$ 40,000.00	\$ 40,000.00		\$ 40,000.00
Variable	Purchase Water				
Variable	Purchased Power	\$ 40,357.73		\$ 27,066.00	\$ 27,066.00
Variable	Chemicals				
Variable	Repairs and Maintenance	\$ 11,549.95		\$ 7,746.00	\$ 7,746.00
Variable	Office Supplies and Expense	\$ 14,855.00		\$ 14,855.00	\$ 14,855.00
Variable	Outside Services	\$ 153,470.02		\$ 102,925.00	\$ 102,925.00
Variable	Water Testing	\$ 1,811.67		\$ 1,215.00	\$ 1,215.00
Fixed	Rents				
Fixed	Transportation Expenses				
Fixed	Insurance - General Liability	\$ 9,669.00	\$ 9,669.00		\$ 9,669.00
Fixed	Insurance - Health and Life				
Fixed	Regulatory Commission Expense - Rate Case	\$ 20,000.00	\$ 20,000.00		\$ 20,000.00
Variable	Miscellaneous Expense	\$ 563.63		\$ 378.00	\$ 378.00
Fixed	Depreciation Expense	\$ 228,403.00	\$ 228,403.00		\$ 228,403.00
Variable	Taxes Other Than Income	\$ 2,988.00		\$ 2,988.00	\$ 2,988.00
Fixed	Property Taxes	\$ 21,295.00	\$ 21,295.00		\$ 21,295.00
Variable	Cost before Taxes	\$ 544,963.00	\$ 319,367.00	\$ 157,173.00	\$ 476,540.00
Variable/Fixed %			58.6%	28.8%	
Variable	Income Taxes	\$ 100,772.20		\$ 100,772.20	\$ 134,611.05
	Total Expenses before Interest	\$ 645,735.19	\$ 319,367.00	\$ 257,945.20	\$ 611,151.05

Tax Calculations

\$ -

Federal Taxes

15%	50000 Up to 50,000
25%	25000 50,001 to 75,000
34%	25000 75,001 to 100,000
39%	100,001 to 335,000
34%	335,001 to 10,000,000

State Tax Rate

6.97%